

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: APUB, ID

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO REPUBLIC OF INDONESIA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 7,534,800 TO REPUBLIC OF INDONESIA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, WEDNESDAY, JUNE 18, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 7,534,800 HELPS FINANCE DOLS 18,837,000

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SALE OF U. S. PORT EQUIPMENT TO REPUBLIC OF INDONESIA

TO HELP FINANCE A DOLS 18,837,000 SALE OF U. S. EQUIPMENT FOR VARIOUS PORTS IN INDONESIA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 7,534,800 TO THE REPUBLIC OF INDONESIA, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. THE EQUIPMENT
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WILL BE FOR THE USE OF THE MINISTRY OF TRANSPORT, COMMUNICATIONS,

AND TOURISM.

INDONESIA IS A NATION OF ISLANDS SPREAD OVER 3,000 MILES WITH 300 PORTS, OF WHICH ABOUT 20 CAN SERVE SHIPS OF OVER 500 DEADWEIGHT TONS. FOR THIS REASON, THERE IS A NEED FOR ADEQUATE PORT EQUIPMENT TO EFFICIENTLY HANDLE CARGO.

THE U. S. PURCHASES INCLUDE 23 MOBILE CRANES FROM J. I. CASE COMPANY, RACINE, WISCONSIN; 99 FORKLIFTS FROM CLARK EQUIPMENT COMPANY, BATTLE CREEK, MICHIGAN; AND 6 TUGBOATS FROM EQUITABLE EQUIPMENT COMPANY, NEW ORLEANS, LOUISIANA.

THE EXIMBANK LOAN REPRESENTS 40 PERCENT OF THE TOTAL U.S. SALE. A LOAN OF DOLS 9,418,500 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 50 PERCENT OF U.S. COSTS AND THE REPUBLIC OF INDONESIA WILL MAKE CASH PAYMENT OF 10 PERCENT REPRESENTING THE BALANCE OF THE U.S. COSTS.

INTEREST ON EXIMBANK'S LOAN WILL BE AT 8 PERCENT PER ANNUM. THIS RATE, COMBINED WITH THE ESTIMATED INTEREST RATE FROM PRIVATE SOURCES, WHICH IS BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF 8.36 PERCENT TO 8.61 PERCENT.

THE LOANS ARE TO BE REPAID IN TWO SCHEDULES OF 14 SEMIANNUAL INSTALLMENTS, BEGINNING MAY 10, 1976, AND MAY 10, 1977. EXIMBANK'S CREDIT WILL BE REPAID OUT OF THE LAST 7 INSTALLMENTS OF EACH SCHEDULE. UNQUOTE
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